



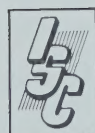
Investors
syndicate
OF CANADA, LIMITED

1963
ANNUAL REPORT



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Investors
syndicate
OF CANADA, LIMITED

Head Office: 280 BROADWAY, WINNIPEG

1963

ANNUAL REPORT

BOARD OF DIRECTORS

C. E. ATCHISON
Winnipeg, Man.

W. J. BENNETT
Montreal, Que.

PETER D. CURRY
Winnipeg, Man.

B. C. GAMBLE
Minneapolis, Minn.

J. GRANT GLASSCO
Toronto, Ont.

A. G. KIRKNESS
Winnipeg, Man.

BERTHOLD MONGEAU
Montreal, Que.

T. O. PETERSON
Winnipeg, Man.

ISAAC PITBLADO, Q.C., LL.D.
Winnipeg, Man.

R. W. PURCELL
New York, N.Y.

CARL C. RAUGUST
Minneapolis, Minn.

JAMES A. RICHARDSON
Charleswood, Man.

RT. HON. LOUIS S. ST. LAURENT,
P.C., Q.C., LL.D.

Quebec, Que.

S. M. WEDD
Toronto, Ont.

EXECUTIVE OFFICERS

T. O. PETERSON
Chairman of the Board,
President and Chief Executive Officer

C. E. ATCHISON
Executive Vice-President and General Manager

GARDNER ENGLISH
Vice-President — Mortgage Division

R. H. JONES
Vice-President — Securities Division

A. W. MALLETT
Vice-President and Director of Sales

E. G. O. HOWARD
Secretary and Assistant General Manager

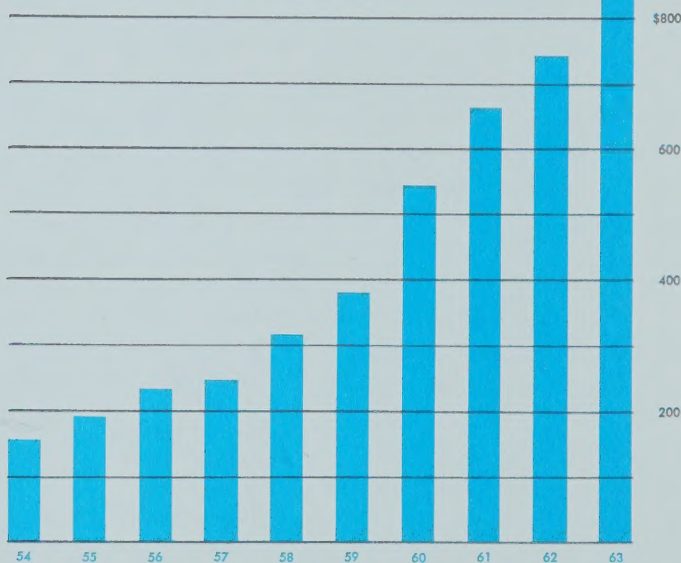
A. S. JACKSON
Treasurer and Assistant General Manager

HUGH W. COOPER
General Counsel

THE *Investors* GROUP

ASSETS UNDER ADMINISTRATION

IN TERMS OF MILLIONS OF DOLLARS



December 31

The 1963 aggregate assets shown in the above table can be broken down as follows:

Common Stocks	\$378,000,000
Preferred Stocks	69,000,000
Bonds and Debentures	145,000,000
First Mortgage Loans	247,000,000
Cash and Other Assets	28,000,000
	\$867,000,000

These figures in themselves are an indication of the magnitude of Investors' investment operations. Each category is of sufficient size to provide a most adequate background of experience. Therefore, Investors Syndicate of Canada, Limited, its subsidiaries and affiliates, can offer varying financial services designed to meet the investment needs of Canadians both as individuals and groups.

HIGHLIGHTS OF 1963

	Year Ended December 31	
	1963	1962
CERTIFICATE OPERATIONS		
Number of certificate holders	143,100	134,700
Maturity value of certificates in force	\$647,274,000	\$592,645,000
New business issued	130,750,000	100,900,000
Increase in certificate reserves	19,446,000	10,021,000
Cost of additional credits	1,743,000	1,459,000
Increase in contingency reserves and surplus	1,317,500	2,215,000
Cash disbursed to certificate holders	23,216,000	22,648,000
MUTUAL FUNDS OPERATIONS		
Number of shareholders	112,300	105,700
Sales of shares to the public	\$ 79,069,000	\$ 90,900,000
Total assets	480,837,000	402,774,000
Increase in assets	78,063,000	33,308,000
Excess of market value over cost of securities	85,879,000	55,245,000
COMBINED OPERATIONS (Including All Subsidiaries and Affiliates)		
Total assets under administration	\$867,000,000	\$753,000,000
Increase in assets under administration	114,000,000	85,000,000

REPORT TO
THE SHAREHOLDERS

While 1963 was, in several respects, not without its anxieties, nevertheless it turned out to be a good year for most Canadians. Gross National Product, the total value of goods and services produced, increased about 6%, which must be regarded as a noteworthy achievement, particularly since it follows an 8% rise the year before.

Unemployment fell to its lowest point in about six years, while new records were set in production, profits, stock prices, incomes and sales (both domestic and foreign). High levels of demand for capital goods and consumer goods for both export and domestic consumption were reflected in specific industries. More wheat was produced and sold than ever before, while residential construction, automobile production and steel production were at or near record highs.

1963 was the first full year of devaluation of the Canadian Dollar at the present rate of 92.5¢ (U.S.) which was set with the International Monetary Fund on May 2, 1962, and in international markets Canadian manufacturers have benefited from the competitive advantage that devaluation has provided.

It is gratifying to note that during the year significant improvement was made towards a solution of the chronic deficit in our balance of international payments. Even without the wheat sales, the full benefit of which has not yet been fully realized, the current account deficit would have fallen from the 850 million dollars at the end of 1962 to some 550 to 600 million dollars in 1963. However, the basic deficit is still too large and it remains to be seen whether the opportunities that have been provided by recent commercial policy changes will make an eventual overall balance attainable.

With these few brief remarks as a background, I am pleased to report, on behalf of the Board of Directors, that your Company has continued to keep pace with the growth and progress of the Canadian economy. Sound and substantial growth has taken place in almost every segment of your Company's manifold activities.

ASSETS UNDER ADMINISTRATION

Total assets under administration during the year increased to 867 million dollars at December 31, 1963 — an increase of 114 million dollars from the previous year-end. The total assets shown represent the assets of Investors Syndicate of Canada, Limited, its wholly owned subsidiaries, The Western Savings and Loan Association and Investors Trust Company, and those of its affiliated mutual funds, Investors Mutual, Investors Growth Fund, Investors International Fund and Provident Mutual Fund. The continuing year-to-year growth in assets administered by the Investors Group is evidence of the public acceptance of the services offered, and it testifies to the public's confidence in the Company's investment management.

EARNINGS

After provision for income taxes aggregating \$2,631,000 and after making contributions to the employees pension fund and the profit sharing fund for sales representatives, the consolidated net profit rose to \$4,026,525. This represents earnings of \$2.41 per share, compared to \$2.35 per share the year before.

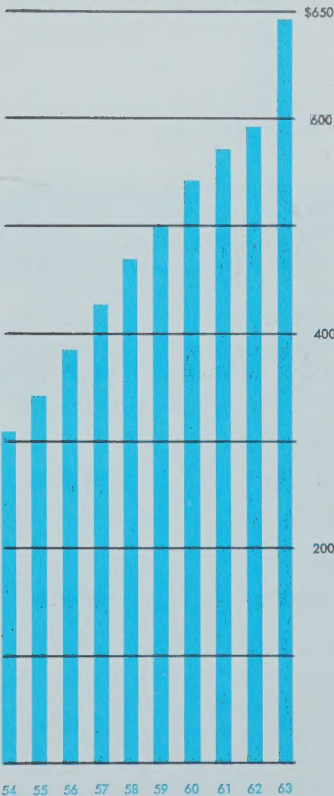
Dividends paid to shareholders during the year were increased to \$1.20 per share. This compares with dividend distributions of \$1.00 per share in 1962 and 85¢ per share in 1961.

While gross earnings at \$20,753,471 were up substantially over the year before, the increase in net profits after taxes was relatively small owing to higher certificate interest and additional credit costs and non-recurring initial sales expenses incurred in connection with the substantial volume of single payment and annuity contract sales. Future earnings will, of course, benefit from this favourable sales experience.

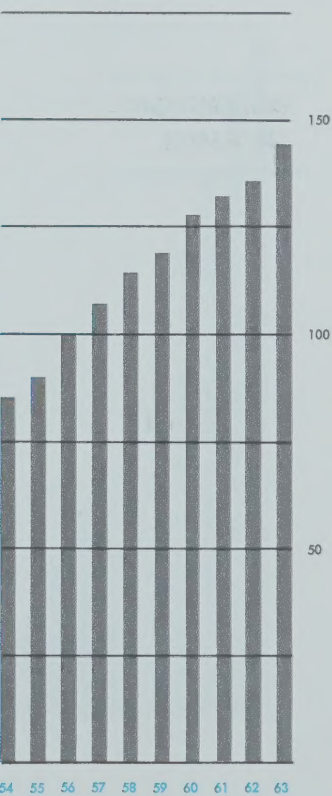
CERTIFICATE
OPERATIONS

Certificate sales in 1963 were \$130,750,000, in face amount, a new high in the Company's history. The previous record was in 1962 when Certificate sales totalled \$100,900,000. The Instalment Investment Certificates enable purchasers to accumulate substantial sums of money at a specified maturity date by putting aside relatively small payments regularly. The Single Payment and Annuity Contract provides the purchaser with a vehicle for lump sum investment compounding at an attractive interest rate. The substantial increase in sales indicates the increasing acceptance of these services as a means of building up one's personal savings. At the year-end, the maturity value of Certificates in force totalled a record \$647,000,000. This amount represents the combined savings of over 134,000 Canadians in every walk of life.

MATURITY VALUE
In Terms of Millions of Dollars



NUMBER OF CERTIFICATE HOLDERS
In Terms of Thousands



AT DECEMBER 31

ADDITIONAL CREDITS

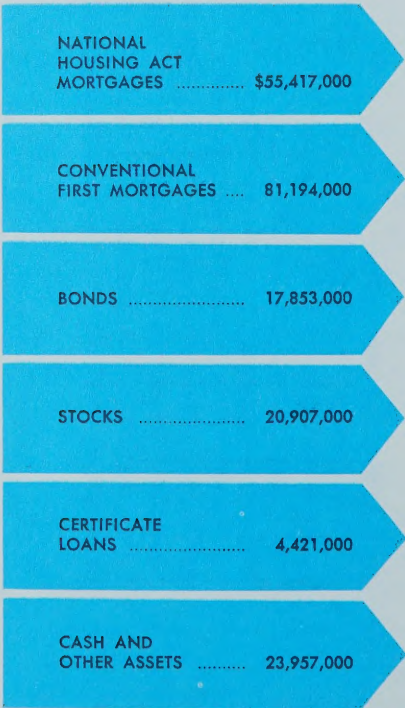
Although the maturity value of Investment Certificates is guaranteed, they also contain a provision for additional credits over and above the guaranteed values.

Such additional credits are declared by the Board of Directors annually in advance and in 1963 an amount of \$1,743,000 was credited to certificate holders. This is the largest amount that has been credited in any year to date and is substantially greater than the figure of \$1,459,000 credited in 1962. This means of increasing the return to certificate holders is both sound and effective.

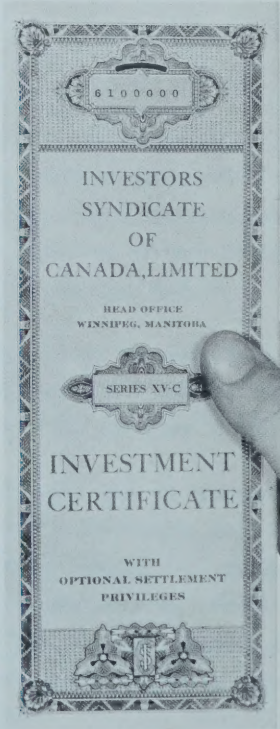
Illustrated in the accompanying chart is the year-end distribution of assets of Investors Syndicate of Canada, Limited. At December 31, 1963, they reached \$203,700,000, an increase of \$20,000,000 from the previous year.

DISTRIBUTION
OF ASSETS

DECEMBER 31, 1963



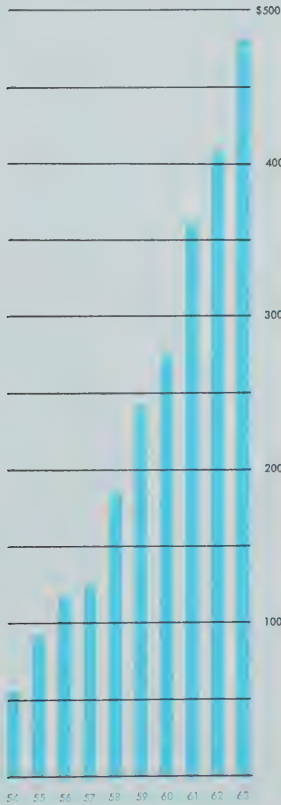
\$203,749,000



The consolidated financial statements are presented later in this report. They combine the assets, liabilities and earnings of the Company and its subsidiary, The Western Savings and Loan Association, and the earnings of its subsidiary, Investors Trust Company.

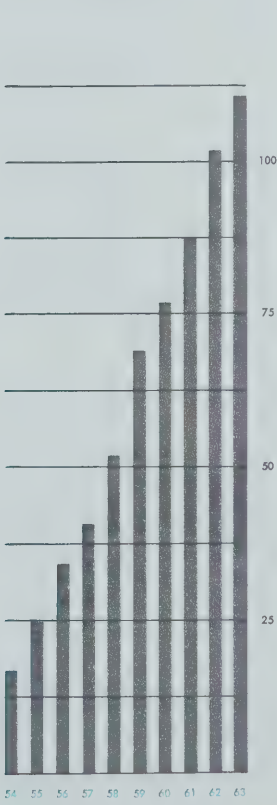
MUTUAL FUNDS OPERATIONS

COMBINED ASSETS OF
INVESTORS MUTUAL FUNDS
In Terms of Millions of Dollars



AT DECEMBER 31

NUMBER OF MUTUAL FUND
SHAREHOLDER ACCOUNTS
In Terms of Thousands



Combined sales of the shares of Investors Mutual of Canada, Ltd., Investors Growth Fund of Canada Ltd., and Investors International Mutual Fund Ltd. during the year totalled \$79,000,000. This accounts for about half of the total sales made in the Canadian mutual fund industry.

New highs were reached in both number of shareholders and total assets. The aggregate number of shareholders rose 6% to 112,300 and the combined assets at December 31, 1963, were \$480,800,000 — an increase of 19%.

INVESTORS TRUST COMPANY

The growth of this wholly owned subsidiary from its inception six years ago to its present position is a source of considerable satisfaction. The various services of Investors Trust Company are so designed as to complement and augment the services of Investors Syndicate and its affiliates and the part it is already playing in the affairs of the Investors Group of Companies is becoming increasingly important. Group Pension Plans as well as Individual Registered Retirement Savings Plans increased substantially during the year. Issuance of guaranteed trust certificates also showed gains.

REGISTERED RETIREMENT PLANS

Canadians in ever-increasing numbers are continuing to take advantage of the Registered Retirement Savings Plans which are made available by the Company. The Instalment Investment Certificates of Investors Syndicate, combined with shares of Investors Mutual or Investors Growth, are ideally suited to provide for carefree retirement. Originating with legislation enacted seven years ago, individuals using the Registered Retirement Savings Plans may deduct from taxable income the payments made under these Plans.

LOOKING AHEAD

Looking to 1964, there is evidence to support a continued optimistic view of the Canadian economy.

Exports are likely to continue at present or even higher levels and the benefits from wheat sales will be greater than the year before. The business inventory position is, for the most part, in a healthy condition and any rising demand would have the

effect of offsetting other weaknesses that might occur. Also, if there were further substitutions to imports, it would bring additional relief to the balance of payments problem as well as adding to employment and profit opportunities.

The growth in population and the imminence of a major expansion in hydro electric development and other major projects are other factors which promise a more vigorous economy than we have had for several years.

There appear, however, to be few signs of an interruption or easing in Government spending and political developments will, of course, continue to exert their influence on future prospects. While tensions have eased in the East-West struggle, closer to home the actions of Governments at Ottawa and Washington in legislating against the free movement of capital are disturbing. It is to be hoped that Governments will exercise new and enlightened wisdom and understanding in this sensitive area.

The present rate of expansion of the Canadian economy is likely to continue to grow during the year ahead, even though the course of development in some sectors of the economy promises to be somewhat erratic. Your Company, with its ever-widening scope of financial services, looks forward to the future with confidence.

APPRECIATION

Your Directors join with me in expressing to all members of the sales organization, the officers, and the Head Office and Region personnel, our thanks and appreciation for their continuing loyalty and co-operation.



President

December 31, 1963

ASSETS

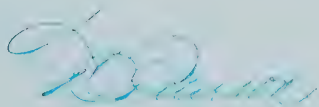
	1963	1962
Cash and Investments:		
Cash on hand and in bank	\$ 2,489,883	\$ 3,468,428
Marketable securities — at cost and accrued income (market value 1963 — \$73,614,429 1962 — \$65,282,681).....	74,201,191	65,953,201
First mortgages on real estate including accrued interest receivable	225,389,074	213,989,766
Real Estate — at cost less accumulated depreciation	2,888,185	251,254
(1963 — \$49,621; 1962 — nil)		
Loans to certificate holders (not exceeding cash surrender values)	6,312,397	6,458,402
	<u>311,280,730</u>	<u>290,121,051</u>
Office Premises, etc. — at cost less accumulated depreciation (1963 — \$779,431; 1962 — \$637,853).....	5,195,457	3,737,920
Investment in and advances to Sub- sidiary, Investors Trust Company— at cost plus accumulated earnings ...	3,246,526	1,315,478
Advance to Trustee under employees' stock purchase plan	492,535	576,483
Accounts and Notes Receivable.....	1,285,671	1,147,024
Deferred Charges and Prepaid Expenses	1,229,744	1,121,964
Excess of Cost of Shares of Sub- sidiaries over book value of net assets	676,257	617,390
	<u>\$323,406,920</u>	<u>\$298,637,310</u>

INVESTORS SYNDICATE OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

LIABILITIES

	1963	1962
Certificate Liabilities	\$288,727,306	\$264,566,309
Current Liabilities:		
Tax deposits on mortgages	3,565,250	3,363,989
Income taxes payable	1,460,339	1,867,646
Other current liabilities	2,384,026	2,672,705
	<u>7,409,615</u>	<u>7,904,340</u>
Income Deferred to Future Years	2,179,099	2,033,592
Investment Reserves	4,439,640	4,045,200
Minority Interest in Subsidiaries:		
Preferred stock	782,398	2,026,478
Common stock	—	115
Surplus	6,875	8,713
	<u>789,273</u>	<u>2,035,306</u>
Shareholders' Equity:		
Capital stock:		
Authorized — 700,000 common shares of a par value of 25¢ each and 1,300,000 common class "A" shares of a par value of 25¢ each.		
Issued and fully paid—		
603,277 common shares	150,819	150,819
1,065,141 common class "A" shares	266,285	266,285
	<u>417,104</u>	<u>417,104</u>
Surplus:		
Paid-in (premium on capital stock)	1,361,539	1,361,539
Earned	18,083,344	16,273,920
	<u>19,861,987</u>	<u>18,052,563</u>
	<u>\$323,406,920</u>	<u>\$298,637,310</u>

Approved on behalf of the Board



Director



Director

**INVESTORS SYNDICATE OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES**

STATEMENT OF INCOME AND RETAINED EARNINGS

	Year Ended December 31	
	1963	1962
INCOME:		
Income from investments	\$ 18,252,771	\$ 17,030,743
Net income from management services	2,500,700	2,453,829
	<u>20,753,471</u>	<u>19,484,572</u>
INTEREST COST AND EXPENSES:		
Interest on certificate liabilities	10,031,035	8,950,226
Additional credits to certificates	1,742,875	1,459,120
Operating expenses — less service fees	2,349,045	1,982,689
	<u>14,122,955</u>	<u>12,392,035</u>
NET INCOME BEFORE TAXES	6,630,516	7,092,537
Provision for income taxes	2,631,000	3,100,000
	<u>3,999,516</u>	<u>3,992,537</u>
Add: Earnings of subsidiary not consolidated.....	93,116	52,000
	<u>4,092,632</u>	<u>4,044,537</u>
Less: Minority interest in income of subsidiaries	66,107	119,128
	<u>66,107</u>	<u>119,128</u>
NET INCOME (excluding profits or losses realized on sale of securities: 1963 loss \$14,978; 1962 profit \$85,478).....	<u>\$ 4,026,525</u>	<u>\$ 3,925,409</u>

INVESTORS SYNDICATE OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SURPLUS

	Year Ended December 31	
	1963	1962
PAID-IN SURPLUS:		
Balance at end of year	\$ 1,361,539	\$ 1,361,539
EARNED SURPLUS:		
Balance at beginning of year	\$ 16,273,920	\$ 12,920,857
Add: Net Income	4,026,525	3,925,409
Adjustment to reserve for death and disability refunds	—	345,057
Adjustment to reserve for marketable securities	—	751,015
	<u>20,300,445</u>	<u>17,942,338</u>
Deduct: Dividends paid	2,002,101	1,668,418
Prior year income tax adjustment	<u>215,000</u>	<u>—</u>
Balance at end of year	\$ 18,083,344	\$ 16,273,920
TOTAL SURPLUS	<u>\$ 19,444,883</u>	<u>\$ 17,635,459</u>

AUDITORS' REPORT

To the Shareholders of
Investors Syndicate of Canada, Limited:

We have examined the consolidated balance sheet of Investors Syndicate of Canada, Limited and subsidiary companies as at December 31, 1963 and the related consolidated statements of income and surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying consolidated balance sheet and consolidated statements of income and surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1963 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

All the transactions of the companies that have come within our notice, have been within the objects and powers of the companies, to the best of our information and belief.

Deloitte, Plender, Haskins & Sells
Peat, Marwick, Mitchell & Co.
Chartered Accountants

Winnipeg, Manitoba
February 14, 1964

INVESTMENT MANAGEMENT ORGANIZATION



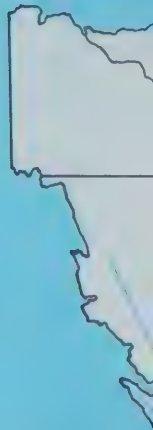
To carry out its management responsibilities for the members of the Investors Group, Investors Syndicate of Canada, Limited has established the organization outlined in the chart above, which shows the various management departments together with their functions and responsibilities. Investment decisions made by these individuals and groups reflect the particular requirements of each of the companies and are, at the same time, consistent with over-all investment policy.

INVESTORS SYNDICATE OF CANADA, LIMITED

SALES ORGANIZATION

A. W. MALLET
Vice-President and Director of Sales

H. B. BEATON
Assistant Director of Sales



EASTERN CANADA

REGION OFFICES

MANAGERS

Halifax	5676 Spring Garden Road.....	D. B. Reid
Hamilton	Royal Bank Building.....	F. J. Barker
Kitchener- Waterloo	7 Scott Street, Kitchener.....	G. D. Andrews
London	702 - 200 Queens Avenue.....	F. M. Boulton
Montreal	1155 Dorchester Blvd. West..... 5030 Sherbrooke Street, West.....	A. H. Hughes G. A. Gendron
Ottawa	124 O'Connor Street.....	L. M. Peterson
Peterborough	359 Aylmer Street, North.....	C. K. Gareau
Quebec	1301 Chemin Ste-Foy Road.....	G. Labrie
Saint John	303 Bank of Nova Scotia Building, 40 Charlotte Street.....	G. F. Cameron
Sherbrooke	230 Dufferin Avenue.....	J. H. R. Planche
Sudbury	Loblaw Building, Froad Road.....	W. H. Evans
Toronto	130 Bloor Street, West..... 88 University Avenue.....	J. K. Brumell J. E. Vaughan



REGION OFFICES

MANAGERS

WESTERN CANADA

Brandon	Clement Block.....	C. P. Fitz-Gerald
Calgary	312 - 320, 7th Avenue S.W.....	C. K. Muir
Edmonton	10147 - 103rd Street.....	G. H. Prestholdt
	10147 - 103rd Street.....	P. S. McEachern
Kelowna	1561 Pandosy Avenue.....	W. A. Shilvock
New Westminster	601 Royal Avenue.....	J. N. Budd
Port Arthur	14 N. Cumberland Street.....	G. G. Watson
Regina	2150 Scarth Street.....	P. D. Ball
Saskatoon	406 - 21st Street East.....	P. V. Ross
Vancouver	503 - 640 West Hastings Street.....	N. Astley
Victoria	314 Scollard Building.....	A. M. Easton
Winnipeg	Number 1 — 280 Broadway.....	H. S. Brock-Smith
	Number 2 — 280 Broadway.....	D. A. Ritchie

THE *Investors* GROUP

Investors Syndicate of Canada, Limited acts as distributor and investment manager for the family of investment companies mentioned elsewhere in this report. At December 31, 1963, the combined assets of the Group amounted to more than \$867,000,000.

The Investors Group, offering a complete range of investment management services, includes:

INVESTORS SYNDICATE OF CANADA, LIMITED

Face amount savings certificates — which provide for the guaranteed accumulation of a specific sum of money over a stated period and may be purchased either by a series of payments over a period of years or a single, lump sum investment.

INVESTORS MUTUAL OF CANADA LTD.

A balanced mutual fund whose objectives stress income, protection of invested capital and long-term capital appreciation.

INVESTORS GROWTH FUND OF CANADA LTD.

A mutual fund emphasizing equity securities and whose principal objective is the long-term growth of invested capital.

INVESTORS INTERNATIONAL MUTUAL FUND LTD.

A mutual fund designed to give the investing public the opportunity to share in the long-term growth potential of the foreign investment scene.

INVESTORS TRUST COMPANY

A complete group pension service including pension plan consultation, trusteeship, custodianship, administration and investment management.

Detailed information of the services offered by any of the companies in The Investors Group may be obtained from the Company or its representatives.

